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RECIPROCITY WITH CONTINENTAL EUROPE

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Reciprocity with continental Europe, now looming up as one of the leading politico-economic questions of the day, is big with possibilities, because of the enormous wealth and buying power of the nations involved. It is, therefore, of vast importance to our people. France and Germany have a joint population of nearly 100,000,000 and are both heavy buyers of agricultural commodities. Germany in particular requires enormous quantities of the products of the soil. Both nations, and in fact nearly all continental European states, have adopted our own protective tariff idea: only they have advanced beyond us and worked out by extended study and experience, dual tariff systems under the terms of which they are now able to reward their commercial friends and punish those who decline to exchange concessions with them, leaving us "standing pat" on our rigid single schedules of ten years ago, in the company of Servia and Portugal. The inevitable result of the general adoption of this system abroad—combining Protection with Reciprocity—will be the forcing of the hand of the United States. We are, at the present moment, enjoying Germany's minimum rates only by sufferance, through the existence of a *modus vivendi*, expiring July 1st. In an effort at making some amicable adjustment of our trade relations with that nation, President Roosevelt last autumn sent to Berlin a commission to discuss the questions at issue with the German authorities. This commission has returned, but it is understood that negotiations are still pending. It is hoped that arrangements may be made for the extension of this truce, in the belief that, in the near future, Congress will be permitted to take up the entire subject and give it the consideration it deserves.

Meantime, France is preparing to make it as unpleasant for our exporters as possible. Under the very limited exchange of concessions negotiated under the utterly inadequate provisions of section three of the Dingley bill, we enjoy the French minimum rates, but

it is evident that we will soon be compelled to pay the maximum on all commodities not specifically enumerated in the agreement now in force.

It is held by some who insist upon a retention of our present duties intact, that the attitude of Germany and France at this juncture is distinctly hostile, and should be met in a retaliatory spirit. In the face of the facts, however, that Germany has been buying about twice as much from us as we have bought from her, it is idle to assume any such position. We, ourselves, have been the aggressors in this tariff business. Our course has clearly been such as to invite reprisals. The blow to our foreign commerce predicted by President McKinley in his last public address is about to fall. The time is at hand when our commercial relations with continental Europe must be overhauled, whether we desire to open up the subject or not. There is no alternative save that of stupidly standing by and viewing with apparent unconcern a campaign of sapping and mining going on under the very foundations of our commerce with the richest group of countries in the world. And in the consideration of this matter, it should never be forgotten that we have not only to conserve our present lucrative business in manufactures with those nations, but, what is even more to the point, the possibility of opening up a new trade of high importance is involved. I refer to a business in such important articles of export as live cattle, dressed beef, canned foodstuffs and pork products—in brief, the output of the feed-lots and grazing grounds of the corn belt and the range.

Reciprocity is not restricted in its application to mere tariff modifications. The earliest use to which the principle was put in our political history was in exchanging concessions with Great Britain on the navigation laws. Both France and Germany now have regulations excluding or restricting the introduction of most of the class of farm products mentioned, from alleged fear of introducing disease. England's experience in taking freely of these commodities for a long series of years demonstrates that such treatment on the part of continental powers is not justified by the facts: that the allegations of danger of infection from these sources are not at all warranted. Assuming, however, that the French and Germans have acted in good faith in the matter of excluding this big line of American commodities through veterinary and sanitary regulations,

it is clear that the conditions now surrounding the production, marketing and exporting of live bullocks for prompt slaughter at port of landing and the rigid inspections now in force at all our great packing plants are such at the present time as to enable us to satisfy European consumers of the soundness and wholesomeness of these products. But we have been none too generous in our treatment of European imports of manufactured goods in our custom houses. Our friends and would-be customers have grievances of their own beside the onerous Dingley schedules. Our regulations governing appraisements, for example, are called burdensome and unfair.

Reciprocity is the game of give and take. When we show a disposition to do as we would be done by all along the line with these people, it is not improbable that the doors of such great markets for food products as Paris, Vienna, Hamburg, Bremen and Berlin will be thrown at least part way open to the American steer and the American hog. Nearly all Europe needs more bread and meat. The middle west has a surplus of both. Germany is suffering the greatest meat famine ever known in the empire. Horse flesh, even dog meat, is on sale, as shown by consular reports. Prices for beef and pork are prohibitory. There is no roast in the laboring man's pot. He is hungry and he knows that in America the major portion of the beef carcass is sacrificed at nominal figures while the fastidious citizens of the Great Republic are bidding up the price of loins and ribs on one another! Still he cannot buy because Congress and the Reichstag at present stand between him and the American supply.

When it is stated that London and Liverpool buy nearly \$35,000,000 worth of live bullocks annually in our American market, and that this buying produces competition that puts about \$15 per head upon every beef animal grown on American farms, some little idea may be gleaned of the importance of gaining, if possible, through reciprocal concessions, the continental markets for food products. And if Congress delays the negotiations involving these important questions for two years more, the opportunity will be virtually lost. Canada and the Argentine can provision Germany if the necessary trade can be made: and negotiations looking toward this very end are in progress now between Ottawa and Berlin. Still we are told to "wait"!

The new German maximum on wheat is \$1.78 per 100 kilos, as against \$1.30 to the nations with which she has treaty relations. The duty on corn will be 48 cents per 100 kilos higher than to countries that make treaties. On wheat flour a discrimination of \$1.94 per 100 kilos comes into play against us. American sausages will pay \$16.66 per 100 kilos, as against \$9.52 by competing exporters! And so on through the list.

In the so-called "tropical" reciprocity of Arthur, Blaine and Harrison, under the McKinley law, little of special value to American agriculture was to be had. The manufacturer benefited, but the farmer was not specially interested: and in negotiating the Argentine treaty under section four of the Dingley act concessions had necessarily to be made on farm products such as wool and hides. Hence the farmer took little interest in any of those arrangements. But now he is awake! European reciprocity means something to him. It means, in fact, millions annually to those who dwell upon the soil. It means, or should mean, a broader vent for our surplus breadstuffs and provisions: a steadier range of values for those articles in domestic markets. It means, or ought to mean, a better chance to make a regular profit from feeding high-priced corn on high-priced land: and this, in turn, means conservation of the fertility of the soil that is the basis of our national prosperity.

Recognizing protection as the established policy of our country, we take the position that our industries can safely yield enough to permit of the necessary bargains being entered into to secure wider markets for these surplus commodities. If arrangements for the entry of many farm and factory products to these great continental markets can be made on the basis of conceding up to twenty per cent of the Dingley duties, the bargain is a good one, and in the present temper of the people may not with impunity be strangled by interests that have grown rich and powerful by virtue of special privileges long enjoyed. We maintain that four-fifths of the existing duties, plus 3,000 miles of transportation, is protection enough for any domestic industry under any honest application of that principle, and we challenge debate upon that proposition. Unless all signs fail, the farming vote will come very nearly consolidating on the affirmative side of that question, regardless of partisan politics at the next elections. Signs on every hand indicate that the agrarian interests of America propose to stand together in this

coming fight for European reciprocity. In at least one conspicuous instance at the congressional election of last November, a farming district with a normal Republican majority of 10,000 made this the issue, and, notwithstanding the most vigorous efforts to save a distinguished member of the ways and means committee of the House of Representatives, who defied his constituents on this point, he went down to defeat; his manager acknowledging after the election that "the farmers did it."

Those who assume, therefore, that reciprocity as a political issue in this country is dead, are likely to discover in the near future that it was never so much alive as at the present time. Indeed, a situation is rapidly developing that may render it the part of wisdom for all who hope for the maintenance of reasonable protection for American industries to co-operate with, rather than oppose, those who are proposing that moderate reductions be granted at once in exchange for valuable favors to be received.

In August, 1905, six hundred delegates, representing the leading agricultural and commercial organizations of the United States, met in national convention at Chicago. They endorsed reciprocity through maximum and minimum tariffs and urged the appointment of a permanent non-partisan tariff commission. This convention also organized the American Reciprocal Tariff League, to promote the principles endorsed. In January, 1907, a like number of delegates, representing similar interests, met in a national foreign commerce convention, held in Washington, D. C., and arrived at similar conclusions.

The significant fact about these two important conventions is that the first was called by the West, the East heartily responding; and the last was called by the East, the West cordially responding and co-operating. In each case the initiative had been taken without prior conference with representatives of other sections. Moreover, it was announced at the Washington convention that eighty per cent of the membership of the National Association of Manufacturers favored early tariff reform. The theory therefore that the mills and factories of the country stand solidly for a continuation of existing conditions is thus completely overthrown.

The question is how long can the few, who apparently have the political power to defy the sentiment of the country, safely exercise

their arbitrary authority? To the unprejudiced observer it looks as if they were "riding to a fall."

The passage at the coming session of Congress of an act authorizing the Executive to enter into commercial treaties with foreign nations on the basis of conceding up to twenty per cent of the Dingley schedules, in other words, the extension of the provisions of section 3 of the present law to the entire list, would not only pave the way to reciprocal arrangements having high commercial value to the United States but would, in all probability, warrant the party in power in postponing the proposed general revision of the tariff until such time as the matter can be given the necessary consideration. Looking towards this latter end, the appointment of a high-grade, non-partisan commission, charged with the duty of making a careful study of our trade conditions, both foreign and domestic, would be of great service both to the country and to Congress. Anything and everything that tends to minimize the power of comparatively unimportant local interests in shaping any further tariff legislation to be attempted is a consummation to be strenuously sought by the business interests of the nation at large. What we want in this whole business is the turning on of the light. Publicity is the great cure for many existing evils. We need a regularly established tariff commission, the members of which shall be men of sufficient caliber and standing to command the confidence of the country. A careful study of all the facts by such a commission ought to precede any wholesale overhauling of the American tariff, but in the meantime it is positively unwise and in the highest degree imprudent for Congress to neglect to authorize the negotiation of at least temporary agreements with the leading countries of continental Europe, lest through delay opportunities of an exceptional character be lost.